

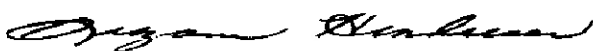
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**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

### OIL & GAS LEASE

This Agreement, made and entered into this 26th day of March, 2010, by and between Federal Deposit Insurance Corporation, A/K/A FDIC, whose Post Office address is 1601 Bryan Street, Dallas, TX 75201, hereinafter called Lessor(s), and Carrizo Oil & Gas, Inc., whose address is 1000 Louisiana St., Suite 1500, Houston, Texas 77002 - hereinafter called Lessee(s),

Witnesseth:

1. **Grant and Description.** That Lessor, in consideration of the cash bonus in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the sole and only purpose of exploring, drilling and operating for and producing oil and gas and of laying pipelines, storing oil and building tanks, telephone lines, roads and structures thereon to produce, save, care for, treat and transport said substances produced from the land leased hereunder only, the following described land situated in Tarrant County, State of Texas, to wit:

**A tract of land out of the Rachel Medlin Survey, A-1044, Tarrant County, Texas, and being more fully described in that certain Warranty Deed dated September 29, 1983, by and between Dal-Fed Development Corporation, as Grantor, and Texas Electric Service Company, as Grantee, recorded in Volume 7649, Page 326, of the Deed Records of Tarrant County, Texas,**

and containing 1.72 acres of land, more or less (called "leased premises").

2. **Term of Lease.** Subject to the other provisions hereof, this lease shall be for a term of three (3) years from this date (called "Primary Term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from the leased premises or lands with which the leased premises are pooled hereunder and the royalties are paid as provided.

3. **Royalties.** Lessee shall pay the following royalties, subject to the following provisions:

(a). **Oil.** Lessee shall pay Lessor twenty-five percent (25%) subject to a proportionate reduction of the gross proceeds of all oil and other liquid hydrocarbons recovered, separated, produced or saved from or on the leased premises and sold by Lessee in an arms' length transaction; provided however, in the event oil and other liquid hydrocarbons are not sold under an arms' length transaction, Lessor's royalty on such oil and other liquid hydrocarbons shall be calculated by using the highest price, plus premium, if any, paid or offered for oil and other liquid hydrocarbons of comparable quality in the general area where produced and when run; or after sixty (60) days written notice from Lessor, which notice may be given from time to time, deliver free of cost to Lessor at the wells or to the credit of Lessor into the pipeline to which the well may be connected such percentage of all oil and other liquid hydrocarbons produced and saved from the leased premises.

(b). **Gas.** Lessee shall pay Lessor twenty-five percent (25%) subject to a proportionate reduction of the gross proceeds received by Lessee for all gas (including substances contained in such gas) recovered, separated, produced or saved from or on the leased premises and sold by Lessee in an arms' length transaction; provided, however in the event gas is not sold under an arms' length transaction, Lessor's royalty on such gas (including substances contained in such gas) shall be calculated by using the highest price paid or offered for gas of comparable quality in the general area where produced and when run.

(c). **Products.** Lessee's right to produce substances from the leased premises is limited to substances produced from oil and/or gas wells, and Lessee shall pay Lessor royalty on all marketable substances produced by Lessee from the leased premises (all marketable substances which Lessee may produce from the leased premises will be collectively referred to as "Products"). It is controllingly provided that the price used to calculate Lessor's royalty shall never be less than the price paid Lessee for any Products produced hereunder, and, if the manner of calculating royalty provided for herein would cause Lessor's royalty to be calculated based upon a lesser amount, the price actually paid Lessee shall be substituted as the basis for the royalty calculation. As to any product which does not fall under the oil or gas royalty clauses above, Lessee shall pay Lessor twenty-five percent (25%) subject to a proportionate reduction of the gross proceeds received by Lessee for such product in an arms' length transaction; provided, however, in the event the product is not sold under an arms' length transaction, Lessor's royalty shall be calculated by using the highest price paid or offered for the comparable quality of such product in the general area of the leased premises. Lessee shall pay Lessor royalty on all oil and other liquid hydrocarbons, including condensate, and on all gas, including all substances contained in such gas, (all hereinafter collectively called "Products") produced from a well on the leased premises or on lands pooled with the leased premises and sold or used off the leased premises regardless of whether or not such Products are produced to the credit of Lessee or sold under a contract executed by or binding on Lessee. Should Products be sold under a sales contract not binding on Lessor, Lessor's royalty shall be calculated by using the highest price paid for any of the Products produced from the well from which such Products were produced.

(d). **Production Sale Contracts.** Lessee shall pay Lessor twenty-five percent (25%) subject to a proportionate reduction of all consideration received by or for the benefit of Lessee under any contract for the sale of Products, including, but not limited to, all contract settlements and other sums received by Lessee from any purchaser of Products, whether such sums are advance payments, payments under take-or-pay provisions, price buy-down settlements, or other contractual payments or payments in settlement of claims of whatever kind or character paid by any purchaser of Products to Lessee to the extent related to the sale of production from the leased premises. To the extent that any such consideration is paid in advance of actual production, Lessee shall receive credit for the amount thereof when such production occurs. In no event will the price paid Lessor for Lessor's share of the Products be less than the price paid Lessee for Lessee's share of Products produced hereunder. Lessee agrees that if it enters into any contract for sale of any Products which shall extend for 3 (three) years from the effective date of such sales contract and such contract does not have adequate provisions for redetermination of price at intervals of not less frequently than annually, then Lessor's royalty shall have the option of, being calculated by using the highest price paid or offered for Products of comparable quality in the general area where produced and when run. Lessor agrees to notify Lessee in writing sixty [60] days prior to such election.

(e). **Royalty to be Free of Expenses.** Lessor's royalty shall not bear or be charged with, directly or indirectly, any cost or expense incurred by Lessee, including without limitation, for exploring, drilling, testing, completing, equipping, storing, separating, dehydrating, transporting, compressing, treating, gathering, or otherwise rendering marketable or marketing products, and no such deduction or reduction shall be made from the royalties payable to Lessor hereunder; provided, however, that Lessor's interest shall bear its proportionate share of severance taxes and other taxes assessed against its interest or its share of production.

(f). **Arms' Length Transaction.** In order to qualify as an arms' length transaction, a sale must be to a non-affiliated entity under an agreement negotiated in good faith by all parties which does not provide for any consideration to Lessee which will not or cannot be shared with Lessor under the royalty provisions of this lease.

(g). **Litigation Recoveries.** If Lessee participates in any litigation or administrative proceeding against a third party for damage to the leasehold estate or the minerals therein, including but not limited to, claims for trespass, violation of applicable rules and regulations, or breach of a production sale contract, Lessee shall make a sufficient claim therein to cover Lessor's royalty share as provided in this lease, and shall pay to Lessor **twenty-five percent (25%) subject to a proportionate reduction** of the proceeds received by Lessee and attributable to this lease as a result thereof; whether by settlement, judgment or otherwise; provided, however, Lessee shall be entitled to recoup, from such royalty payments only, **one hundred fifty percent (150%)** of the actual attorneys fees and litigation expenses paid by Lessee to outside counsel and attributable to issues related to this lease, this being strictly a right to recoup from royalties payable and imposing no personal liability on Lessor.

(h). **Shut-in Gas Royalty.** While there is a well on the leased premises capable of producing gas in paying quantities but the production thereof is shut-in or suspended for any reason, Lessee may pay as royalty on or before 90 days after the date on which (i) production from any such well is shut-in or suspended or (ii) this lease is no longer maintained by compliance with other provisions hereof, whichever is the later date, and thereafter at annual intervals, a sum in the amount of **\$25.00** per acre, or a minimum of Fifty Dollars (\$50.00), whichever is greater, for each and every shut-in gas well; and if such payment is made or tendered in accordance with the terms hereof, this lease shall not terminate but shall continue in full force, subject to the provisions of paragraph 15, and it will be considered that gas is being produced from the leased premises in paying quantities within the meaning of each pertinent provision of this lease, and in no event shall shut-in well payments maintain this lease in force for a cumulative period exceeding **2 (two) year(s)**. Lessee shall not be entitled to recover any shut-in royalty payments from the future sale of gas. Should the shut-in period extend beyond the expiration of the primary term, such shut-in provision will pertain only to the producing unit of such gas well as provided for in paragraph 15. Should such shut-in royalty payments not be made in a timely manner as provided in this paragraph, it will be considered for all purposes that there is no production or no excuse for delayed production of gas from any such well or wells and unless there is then in effect other preservation provisions of this lease, this lease shall terminate at midnight on the last day provided for the payment of such shut-in royalties, and Lessee shall thereupon furnish to Lessor a release of all its interest in and to this oil and gas lease insofar as that portion of the premises included in the producing unit assigned to such shut-in well.

(i). **Recovery of Gas Liquids.** Lessee agrees that before any gas produced from the leased premises is used or sold off the leased premises, it will be run, free of cost to Lessor, through an adequate oil and gas separator of a conventional type or equipment at least as efficient, to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered on the lease.

(j). **Right to Take in Kind.** Lessor shall have the option, once every twelve [12] months, in lieu of receiving the royalties thereon, to take **twenty-five percent (25%) subject to a proportionate reduction** of any product produced by Lessee from the leased premises in kind, and to reverse such election and resume receiving royalty payment in money, in either case by giving Lessee at least sixty (60) days advance written notice. Such election may be made separately as to oil, gas or any other product, and Lessor may elect to have the royalty production delivered at the wellhead, at the oil and gas separator, into a pipeline connected at the well, at the location where Lessee sells its production, or at another location mutually acceptable to Lessor and Lessee. If Lessor elects to take royalty in kind, any necessary costs for separate metering or split stream delivery will be borne by Lessor. If Lessor elects to take gas royalty in kind, the parties shall enter into a gas balancing agreement using, at Lessor's election, either the most recent form used by Lessee in an arms-length industry transaction or the most recent form promulgated by the American Association of Professional Landmen. Lessee shall supply its most recent gas balancing agreement form to Lessor for evaluation purposes immediately upon receiving notice that Lessor intends to take gas royalty in kind. It is expressly agreed, however, that the inclusion of an option to permit Lessor to take its royalty gas in kind shall not modify or limit Lessee's duty to pay royalties as provided herein or to market the gas at such times, and from time to time, as Lessor does not choose to take and separately dispose of its royalty gas.

(k). **Time for Payment of Royalty.** Within 120 days following the first sale of oil or gas produced from the leased premises, settlement shall be made by Lessee or by its agent for royalties due hereunder (initial royalty payment) with respect to such oil or gas sold off the leased premises, and such royalties shall be paid monthly thereafter without the necessity of Lessor executing a division or transfer order. If not paid when due, Lessor's royalty shall bear interest at the maximum lawful rate from due date until paid, which amount Lessee agrees to pay. Acceptance by Lessor of royalties that are past due shall not act as a waiver or estoppel of its rights to receive interest due thereon unless Lessor expressly so provides in writing signed by Lessor. If a division or transfer order is circulated by Lessee, such division order will be a simple statement of interest containing no warranty or indemnity clauses and containing no clauses modifying in any way the terms of this lease. The insertion of any such clause will be of no force and effect so far as this lease and the rights and obligations of the parties hereto, and in any event, Lessor shall be under no obligation to execute any division or transfer order, and Lessor's execution thereof, if done, shall be considered a mere accommodation.

(l). **Royalty Information.** In addition to other information required to be furnished by Lessee to Lessor, either by law or under the terms of this lease, Lessee shall promptly provide Lessor with sufficient information for Lessor to monitor and calculate all royalty payments due Lessor hereunder, and if such information is not provided in a prompt or complete manner, Lessee waives, to the full extent allowed by law, any defense based upon the statute of limitations, laches or any other delay in bringing suit, with respect to any matter which would reasonably have been revealed by such information, even if Lessor had access to relevant information from other sources, it being intended that Lessor may rely upon Lessee to keep Lessor fully informed without the necessity of obtaining information from other sources. It will be considered that information required hereunder has been promptly provided to Lessor if Lessee provides the same within thirty (30) days after the date upon which the information becomes available to Lessee.

(m). **Proportionate Reduction.** If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties, and shut-in royalties payable hereunder for any well on any part of the leased premises or land pooled therewith shall be reduced to the proportion that Lessors interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises. To the extent any royalty or other payment attributable to the mineral estate covered by the lease is payable to someone other than Lessor, such royalty or other payment shall be deducted from the corresponding amount otherwise payable to Lessor hereunder.

4. **No Rentals.** THIS IS A PAID-UP OIL & GAS LEASE; ALL DELAY RENTALS REFERRED TO HEREIN ARE PAID IN FULL

5. **Pooling.** Lessee is hereby granted the right to pool or combine the leased premises, or any part or parts thereof, as to all strata or any stratum, with any other land, as to all strata or any stratum, for the production of oil or gas. Pooled units which do not include 100% of the leased premises shall be subject to the written approval of Lessor, such approval shall not be unreasonably withheld. Pooling in one or more instances shall not exhaust the right of Lessee hereunder to pool this lease or portion thereof into other or different units. Units pooled for oil or gas, or for a horizontal completion, shall conform to, and shall in no event exceed, the size and other parameters for producing units which may maintain this lease after the primary term as provided in paragraph 13 below. To effect a unit or units Lessee shall file a written unit designation and surveyor's plat outlining any such unit and describing the participating tracts in the county conveyance records in which the premises are located. A copy of the unit designation shall be furnished to Lessor within thirty (30) days after it is filed in the appropriate county records, and if Lessee fails to do so, such unit may be declared invalid by Lessor by an instrument filed in such county records. Drilling or reworking operations and production on any part of the

pooled acreage shall be treated for all purposes hereof (except the payment of royalties on such production) as if such drilling or reworking operations were upon or such production was from the leased premises whether the well or wells be located on the leased premises or not. For the purpose of computing the royalties and other payments out of production to which the owners of such interests shall be entitled on production of oil and gas, or either of them, from any such pooled unit, there shall be allocated to the leased premises and included in such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis; thus, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production whether it is oil and gas, or either of them so allocated to the leased premises and included in the unit just as though such production were from the leased premises. In the event only a part, or parts, of the leased premises is pooled or unitized with other land, or lands, so as to form a pooled unit, or units, operations on or production from such unit, or units, will maintain this lease in force only as to the part of the leased premises included in such unit, or units. This lease may be maintained in force as to any land covered hereby and not included in such unit or units in any manner provided for herein, provided that if it is by rental payments, rental payments shall be reduced in proportion to the number of acres covered hereby and included in such unit or units.

**6. Operations.** The following provisions shall apply to Lessee's operations on the leased premises:

(a). **Dry Holes, Cessation of Production, Development and Protection from Drainage.** If, prior to discovery of oil or gas on the leased premises or land pooled therewith, Lessee should drill and abandon a dry hole or holes thereon, or if, after discovery of oil or gas, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences reworking or actual drilling within one hundred twenty (120) days thereafter, or, if it be within the primary term, commences or resumes the payment or tender of rentals or commences actual drilling or reworking on or before the rental paying date next ensuing after the expiration of one hundred twenty (120) days from date of completion and abandonment of said dry hole or holes or the cessation of production. If, at the expiration of the primary term, oil or gas is not being produced on the leased premises or land pooled therewith and Lessee is then engaged in actual drilling or reworking of any well thereon, this lease shall remain in force so long as drilling or reworking is prosecuted with no cessation of more than one hundred twenty (120) consecutive days, and if such operation results in production, so long thereafter as oil or gas is produced in paying quantities from the leased premises or land pooled therewith. In the event a well or wells producing oil or gas should be brought in on adjacent land within six hundred feet (600') of the leased premises for an oil well or within three hundred thirty feet (330') of the leased premises for a gas well, Lessee agrees to commence the drilling of an offset well within 120 days or release that portion of the leased acreage that would be allocated to such well unit. If oil or gas is discovered on the leased premises, or on land pooled therewith, Lessee agrees to further develop the leased premises as a reasonably prudent operator would under the same or similar circumstances.

(b). **Compliance with Regulations and Indemnity.** Lessee agrees to conduct its operations in compliance with all applicable laws, rules and regulations. Lessee will protect, indemnify, hold harmless and defend Lessor against any claim, demand, cost, liability, loss or damage suffered by Lessor, including reasonable attorneys fees and litigation costs, arising out of or associated in any way with (i) any activity conducted by Lessee or Lessee's employees, agents, servants, contractors, licensees or permittees on or near the leased premises; (ii) environmental remediation and plugging and abandonment of wells; (iii) the management, use and disposal of produced water and wastes or substances associated with activities on the leased premises; and/or (iv) the oil, gas, all other products, any waste material, or any substance, pollutant or contaminant produced by Lessee or brought by Lessee onto the leased premises (all of which potential sources of claims shall be referred to as "Lessee's Conduct"). LESSEE'S OBLIGATION TO INDEMNIFY LESSOR FOR CLAIMS ARISING FROM LESSEE'S CONDUCT SHALL APPLY WITHOUT REGARD TO FAULT ON THE PART OF EITHER LESSOR OR LESSEE AND SHALL SPECIFICALLY INCLUDE INDEMNIFICATION OF LESSOR AGAINST LIABILITY TO THIRD PERSONS ARISING FROM LESSOR'S NEGLIGENCE IF SUCH LIABILITY IS RELATED TO LESSEE'S CONDUCT. Lessee's indemnity obligations for Lessee's Conduct under this paragraph are continuing obligations which will continue in effect, and be enforceable by Lessor, even after this lease terminates. If any portion of this indemnity provision shall ever be held to be invalid or unenforceable, it shall be deemed stricken herefrom and the remainder of this provision shall continue to apply to the greatest extent permitted by applicable law.

(c). [This paragraph to be deleted if Oil and Gas Surface Use Covenants have been attached hereto as Exhibit \_\_\_\_] **Water and Soil.** Lessee shall have free use of oil, gas and water from the leased premises, except water from Lessor's wells, tanks, creeks, rivers, streams and springs, for all operations hereunder, provided that no surface water or underground fresh water will be used for water flood or pressure maintenance purposes. Lessee shall have the right at any time within 180 days after the expiration of this lease to remove all property and fixtures placed by Lessee on the leased premises, including the right to draw and remove all casing except as to water wells in which Lessee shall have the right to remove all property and fixtures except casing and shall do nothing that will in any way damage said water well or prevent its future use by Lessor. Lessee will, at Lessor's request, remove the casing from and plug and abandon such water well at Lessee's sole expense. When required by Lessor, Lessee will bury all pipelines below ordinary plow depth, and no well shall be drilled within four hundred (400') feet of any residence or barn now on the leased premises without Lessor's consent.

(d). [This paragraph to be deleted if Oil and Gas Surface Use Covenants have been attached hereto as Exhibit \_\_\_\_] **Surface Use Plans.** In the event Lessor owns all or any part of the surface estate, Lessee will so conduct its operations hereunder as not to interfere unreasonably with Lessor or its assigns in the use of the surface of the leased premises provided, that any use of the surface will require written consent of Lessor in advance. Lessor agrees that such consent will not be unreasonably withheld. Prior to any use of the surface, Lessee will present to Lessor a plat of the property showing the area proposed to be used and the type of use to be made. Within 30 days of the receipt of such notice, Lessor will either deliver written consent or propose a reasonable alternative area for such use. Lessee will provide at Lessee's expense all protective measures to prevent any loss or damage to the property of Lessor on account of any operations by Lessee. Lessee will pay for all damages to the surface of or crops or improvements on the leased premises or suffered by any tenant of Lessor and caused by or arising out of operations under this lease. Pits and excavations made during drilling operations or otherwise will be filled by Lessee and the surface restored, as nearly as reasonably possible, to its original condition; and if Lessee shall fail to do so, the cost to Lessor of such filling and restoration shall be paid by Lessee.

**7. Assignments.** No assignment of this lease, or interest therein, may be made without written approval of Lessor, such approval shall not be unreasonably withheld. Subject to the preceding condition, the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns of Lessor and Lessee, but no change or division in ownership of the leased premises, rentals, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No such change or division in the ownership of the leased premises, rentals or royalties shall be binding upon Lessee for any purpose until Lessee shall have been furnished with the instrument or instruments, or certified copies thereof, evidencing such change or division. In the event of a permitted assignment of this lease as to a segregated portion of the leased premises, the rentals payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface area owned by each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder, and liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or a portion thereof who commits such breach.

**8. Force Majeure.** Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder due to force majeure, except any and all monetary payments due under the terms of this lease. The term "force majeure" as employed herein shall mean: any act of God including but not limited to storms, floods, washouts, landslides and lightning. If Lessee is required, ordered or directed by any federal, state or municipal law, executive order, rule or regulation enacted or promulgated under color of authority to cease drilling operations, reworking operations or producing operations on the leased premises or if Lessee by operation of force majeure is prevented from conducting drilling operations, reworking operations or producing operations, then until such time as such law, order, rule, regulation, request or force majeure is terminated and for a period of sixty (60) days after such termination each and every provision of this lease or implied covenant arising thereunder that might operate to terminate it or the estate conveyed by it shall be suspended and inoperative and this lease shall continue in full force, provided, however, that in no event will the primary term be extended unless Lessee has begun the actual drilling of a well prior to the date of the expiration of the primary term.

9. **Lesser Interest.** If Lessor owns an interest in the leased premises less than the entire and undivided fee simple estate therein, then the royalties and rental herein provided shall be paid to Lessor in the proportion which Lessor's interest bears to the entire and undivided fee simple estate therein.

10. **No Warranty.** Lessor executes and delivers this lease without warranty of title either express or implied. Lessee, at its option, 30 days after giving written notice to Lessor, may discharge any tax lien upon the interest herein leased; and, in the event Lessee does so, Lessee shall have the right to apply rentals and royalties accruing hereunder to reimburse such payment. Lessee shall not be subrogated to the rights of the party to whom payment is made, but may reimburse itself out of any royalties otherwise payable to Lessor hereunder.

11. **Mandatory Releases by Lessee.** At any time that this lease terminates as to any acreage or depth, Lessee shall promptly execute and furnish to Lessor a release thereof in recordable form which contains a legally adequate description of the lands and/or depths being released. In the event this lease expires for any reason as to all or any portion of the leased premises, Lessee shall furnish Lessor promptly with a written, recordable release instrument covering all of the land as to which this lease has so expired.

12. **Information.** Lessee shall advise Lessor as to the location of each well drilled upon the leased premises, or on land pooled therewith, and shall advise Lessor as to the date of completion or abandonment of each well drilled upon written request by Lessee. Lessee agrees to furnish Lessor with all well drilling, completion and production data, reports, title opinions, logs, and information when requested in writing by Lessor. And furthermore Lessor agrees to keep such information confidential until the expiration of the lease. Lessee agrees that immediately following this instrument being recorded in the county records where the leased premises are located that Lessee will provide Lessor with a copy of this fully recorded instrument as it appears in said records if such request is made in writing to Lessee.

13. **Extension Beyond Primary Term.** If at the end of the primary term this lease is still in force, this lease shall expire as to all that part of the leased premises (as hereinafter described) on which there is not a producing oil or gas well or horizontal completion or on which Lessee is not then drilling or reworking a well. At the end of the primary term, Lessee shall select and designate a producing unit around and including each producing oil or gas well or horizontal completion or drilling or reworking well, the area of such unit to be limited to and conform with the minimum area provided for or established directly or indirectly in the applicable rules and regulations of the appropriate governing body of the state in which the subject acreage is located with reference to the spacing of wells or the size of producing units. As to each producing unit so designated, this lease shall continue in force so long as oil or gas is produced in paying quantities therefrom or so long as drilling or reworking operations are prosecuted thereon as provided in paragraph 6 and shall be limited in depth from the surface down to and including 50 feet below the base of the deepest producing formation; however, such lower depth limit shall not exceed 100 feet below the deepest producing perforation within the wellbore, or the base of the formation from which the deepest horizontal lateral is producing in the case of a horizontal completion, situated on that producing unit; and Lessee shall execute a release of this lease as to the balance of the land covered hereby as well as formations at depths below the respective producing units. In the absence of field rules promulgated by the appropriate governing body of the state in which such acreage is located, the term "producing unit" as used herein means the following number of acres, depending on the depth to which the well has been drilled, and whether the well is an oil well, or gas well, or horizontal completion: 40 acres for an oil well completed at any depth; 80 acres for a gas well completed at a depth of less than 2,000 feet subsurface; 160 acres for a gas well completed at a depth of 2,000 feet subsurface to 6,000 feet subsurface; 640 acres plus 10% or the number of acres permitted to be assigned to a proration unit pursuant to Statewide Rule 86 of the Texas Railroad Commission for a gas well completed at a depth of 6,000 feet subsurface to 9,000 feet subsurface; 640 acres plus 10% or the number of acres permitted to be assigned to a proration unit pursuant to Statewide Rule 86 of the Texas Railroad Commission for a gas well completed at a depth greater than 9,000 feet subsurface, and for a "horizontal completion", which shall be deemed to be any well in which the horizontal component of the gross completion interval in the reservoir exceeds one hundred feet, a producing unit shall not exceed the size which allows Lessee to retain the minimum spacing distance between the vertical wellbore, the lateral wellbore in the producing formation, and the exterior boundaries of the producing unit. If a portion of Lessee's rights terminate as provided in this Paragraph 13, then Lessee shall designate in writing the acreage it is allowed to retain around each oil well and each gas well and such written designation shall be filed for record in the county in which such acreage is located. Lessee shall be entitled to designate the number of acres above specified in a form of its choosing so long as no side is more than twice as long as any other side, except for the producing unit for a horizontal completion which shall be shaped as set out above. The provisions of this paragraph 13 shall not have the effect of relieving Lessee of its obligations to develop the lease with reasonable diligence after oil or gas is first discovered in paying quantities.

14. **Enforcement Expenses.** If Lessor files a legal action to enforce any express or implied obligation of this lease and receives a favorable judgment from a court of competent jurisdiction, then Lessee shall reimburse Lessor for all costs of such legal proceeding including expert witness and reasonable attorney's fees.

15. **No Community Lease.** If the mineral and/or royalty interests covered by this lease are different as between any two or more tracts within the leased premises, the execution of this lease shall not be construed to create a community lease nor in any way to effect the pooling or cross conveyance of interests in any such two or more tracts. Instead, it is Lessor's intent that oil and gas royalties and other lease benefits shall accrue to the owners of the particular tract of land on which is located the well or wells from which oil or gas production is taken, without apportionment to the owners of any other tract or tracts covered hereby, unless the pooling authority granted to the Lessee under this lease has been exercised, it being intended that ownership of royalties shall accrue to the tract on which the well is located.

16. **Notices.** All notices and other communications given in connection with this lease shall be in writing and shall be deemed to have been properly given and received on the date when personally delivered, or shall be deemed to have been properly given on the date of actual receipt if delivered by certified mail, fax or courier. The following addresses are hereby designated for the receipt of notices:

LESSOR: Federal Deposit Insurance Corporation, A/K/A FDIC  
1601 Bryan Street  
Dallas, Texas 75201

LESSEE: Carrizo Oil & Gas, Inc.  
1000 Louisiana Street  
Suite 1500  
Houston, Texas 77002

17. **Implied Covenants Preserved.** The express covenants of the lease are not intended to limit or restrict any implied covenants existing by law or by the nature of this agreement.

Executed on the date first above written.

Lessor(s):

Federal Deposit Insurance Corporation, A/K/A FDIC

By: Mark Isensee

Name: Mark Isensee

Title: As Attorney-in-Fact for the Federal Deposit Insurance

Address: 1601 Bryan Street  
Dallas, Texas 75201

State of Texas

County of Dallas

Before Me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Mark Isensee, as Attorney-in-Fact for said Corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said Corporation in the capacity therein stated.

Given under my hand and seal of office this the 26<sup>th</sup> day of March, 2010.  
Shelly Campbell  
Notary Public in and for the State of Texas

